# TOPICS OF THE DAY IN WALL STREET

St. Paul Selling Suggests Campaign of Skilful Distribution.

### ALL JUNE EQUALLED WITHIN THREE DAYS

earning its dividend and that But what every one did not bright one. know was whether or not it was going to be paid. If it happened that last Thursday the decision had been made to reduce or pass it, and no one but a few of the "insiders" had known of it, the stock might have behaved very much as it has done. Barring that, selling in three days Friday, Saturday and yesterday of more shares than ware sold in the whole twenty-six business days of June, of a drop of

mere than 10 points in the price and of natest activity by so-called "Standard oil brokers" in pressing the stock on the market.

Skilful Distribution.

A suspicious man who had followed the transactions in St. Paul stock through June might reasonably have looked for something very like what has occurred in these opening days of July. The published earnings of the company and the known state of business in the railroad's territory would probably have kept him from confusing distribution with accumulation; and if he had not been diverted from the trail by the red herring of foreign celling.

Standard The same period last year, according to a cable message from Consul General Robert P. Skinner. The total for June, 1915, was \$11,812,535, against \$13,194,-559 in May.

Items of export for the six months were: Rubber, \$83,508,251, against \$18,-182,488 in the first half of 1914; wool, \$5,013,100, against \$2,865,270; tin, \$5,-285,902, against \$2,865,270; tin, \$5,-285,902, against \$3,838,858; tea, \$1,507,059, against \$3,838,858; tea, \$1,507,059, against \$1,691,105.

STOCKS IN OTHER CITIES.

BOSTON STOCKS.

MINING.

Sales. by the red herring of foreign celling his inference might have been that as soon as the market showed signs that soon as the market state reasonably the selling of St. Paul it would have to take it usressonably. It would not need knowledge that the dividend was to suffer at the latter end of this month to bring about such skilful sellmg as seems to have been done in June. Familiarity with the company's business and shrewd foresight alone would have made unnecessary actual mowledge of what was to happen to the dividend. But with knowledge to help, these alternations of heavy and light selling where the delicate price adjustment was carefully maintained could have been dictated as well by prudence as by courage.

### St. Paul's Traffic.

Measured in tons, the principal traf-fic of the St. Paul is in the products of mines—ores and coal; next come the products of agriculture. After that products of agriculture. After that comes lumber, with manufactured goods fourth. A year ago there were 5,000,000 tons of lumber and 5,700,000 tons of manufactures carried on the St. Faul's lines. But in the latest fiscal year, though the complete figures are not yet obtainable, both these items showed a heavy falling off, and doubtless others suffered as well, though not proportionately. In 1915 the lumber industry in the Northwest had a bad etback, and manufacturing in that setback, and manufacturing in that region, in common with the rest of the country, was reduced below normal. largely as a result of the war. Imports from the Orient, of which the St. Faul carries a considerable proportion. Ikewise suffered a failing off.

### Thoroughgoing Reorganization.

ours Pacific readjustment theroughgoing reorganization purposed for the system and its finances, promises, if carried through, finances, promises, if carried through, te put the system into a position where it can compete with other roads on fair terms for a traffic that is rapidly growing. As was stated some time are, all the cash which is to be raised will be derived from an assessment of \$50 a share on the Missouri Pacific stock. That will bring in \$41,419,792, with which can be paid off the \$24, with which c oso,000 of equipment trusts, and leave \$12,713,792 for capital adjustments, new working capital and the expenses of the drastic surgical operation. There is a hint in the plan that a syndicate will be formed by Kuhn, Leeb & Co. to underwrite the undertaking.

## Their Alternatives.

The 5 per cent refunding bondholders will have to surrender their mortgage, as was expected, and the 4 per cent gold loan bondholders will have to give up their collateral, the Iron Mountain stock. They will get instead either preferred stock or income bonds. In any event, their lien on the property will not be junior to any lien that comes after them now, and while they will lose their present character as the property of the state of the present character as the property of the state of the present character as the property of the state of the present character as the property of the state of the present character as the property of the state of the present character as the property of bondholders if they are given preferred stock, they will really be better off, be-cause the charges that will have to be paid before they get their dividends will be less than the charges that now have to be paid before they get their interest. If there is cuposition to the new plan on the part of either class of bendholders it is likely to come from the every of the A per cent loan bebendholders it is likely to come from
the owners of the 4 per cent loan, because the 5 per cent bondholders will
probably be well satisfied to get out
of their blind alley. The gold loan
bondholders will not easily let go so
tangible an asset as the Iron Mountain
stock. For them, however, there is a
teminder in the Rock Island collateral
bondholders' plight of what it means
to foreclose on collateral of such a
character. The Rock Island collateral
bondholders of other days are now the owners of the road, and it is up to them to get the money to finance it. He'ders of the Missouri Pacific gold in 4s would get the Iron Mountain, which is barely earning its fixed plarges and which has a very heavy fonded debt, and they would get none of the benefits of the Missouri Pacific They would sumply reorganization. They would simply be common stockholders of a road whose finances would have to be reorganized radically and which would have to raise a great deal of fresh

### Speculating Directors.

To judge from the comment on sev-tral recent happenings in the stock market, the relation between director and stockholder has changed with the thanging times. It is no longer repre-sentative and constituent, but vendor and vendee. But as yet there is no great movement to press the adoption of a plan recently suggested. This was to compel directors to report to the secretary of their company within twenty-four hours any changes in their holdings of its stock and to make them criminally liable for failing to do so. criminally liable for failing to do so.
The secretary's record in such an event
was, of course, to be accessible to all
stockholders.

Tail Wagging the Dog.

earnings were \$1,019,917. The Iron Mountain's gross decreased \$8,086,408 and its net \$2,695,581. Declines such as these, however, are not peculiar to these two roads. On the contrary, it is increases in gross and net in the fiscal year just ended that are remarkable among railroads. Obviously such conditions will not be a condition and the second training the second training the second training the second training training

among railroads. Obviously such conditions will not be permitted to run on indefinitely. The railroads play too important a part in the country's economic life not to have relief given to them in some form or other. If business does not increase, rates, almost inevitably, will have to. Mcanwhile, the comparison between the Iron Mountain's earnings and those of the Missouri Pacific is significant. Formerly it was the Iron Mountain that was the backbone of the Missouri Pacific. From the 445,496 shares the Missouri Pacific owned it has derived a handsome income in dividends. But in the "Mop" Plan Is Out—Gold Loan
Holders to Give Up Their
Iron Mountain Stock.

For months the St. Paul had not been estning its dividend. Every one knew as But what every one did not same arties to the Missouri Pacific. If the latter then can maintain its earnings in the same ratio to the Iron Mountain's as now exists its future should be a same arties to the response of the same ratio to the Iron Mountain's as now exists its future should be a same ratio to the respective to the

## LONDON'S SALES TO U. S.

### Exports in Last Six Months Amount to \$70,616,024.

Washington, July 6.—The total value there is no evident explanation of the of exports to the United States as invoiced through the London Consulate General the first six months of 1915 was \$70,616,024, against \$65,877,681 for the same period last year, according to

S Ahmeek 88 98 98 98 98 98 98 98 98 98 98 98 98	Sales	Sales
10 Advanture	10 Advanture 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	10 Advanture
\$4 Michigan 11 19 19 14 19 18 18 18 18 18 18 18 18 18 18 18 18 18	470 Super & Hoston, 3%, 8%, 3.4 3.4	60 Super & Hoston St. St. Ab 3 15 3 15 3 15 3 15 3 15 3 15 3 15 3 1

### RAILROADS.

\*\*Boston Elev ... 73'9 17'4 72'4 72'4 6 West End St Ry 57'4 67'4 67'4 67'4 67'4 MISCELLANEOUS. BONDS.

140 Am Milling	074	174	0.7%	0.4
89 Cambria Iron	43	42	42	62
10 Cambria Steel	4834	4834	4514	4356
no til Star Dat	5314	5314	E214	53%
30 Elec Stor Bat	4000	M-77.5	9957	9414
8 Ins Co N A	44.74	45.00	4074	47.78
1,580 Lake Superior	3.54	254	774	1776
17% Lebigh Nav	7456	7634	7.626	74.26
2 Mine Hill	K414	5416	5434	5446
	44.5	973	2230	225
Ma Nor Central	20.00	29.74	0076	200
20 North Penns	2034	20%	2014	20034
100 Leh Tran pr	23%	28%	25%	28%
4 Penn Salt Mfg	88	5.5	8.5	88
25 Phila Co pr	29	29	29	29
	2236	0974	2244	H2.14
\$20 Phila Elec	40.76	-	00	9.50
30 Phila Rap Tran	0.74	774	97%	0.74
40 do 1 0	914	214		8
13 Unit Gas Imp	K4LL	84%	84%	84%
14 Westmore Coal.	40	60	60	60.
	1000	91993	4000	9952
10 Keystone Tel	147.79	20.78	1079	10.3

## BALTIMORE STOCKS.

## CHICAGO STOCKS.

Open. High. Low. Last.

10 Chie Pnau Tool. 67 57 57 17

120 Chie Rva ser 1 48 48 48 17

120 Chie Rva ser 1 48 48 48 18

120 da ser 2 2 2 2 2 2 2

13 Com Edison. 1804 1804 1804 1804

8 Mont Ward pr. 112 1124, 112 115

947 Swift & Co. ... 112 1154, 112 115

45 Union Carbides. 180 1804 180 1804

194 do rights 180 1804 180 1804 BONDS.

## PITTSBURGH STOCKS.

Wonding period of a year ago, and net Monday, June 3...... 1,800.00

# READJUSTMENT OF CAPITAL AND DEBT

# The Missouri Pacific Railway Company

## St. Louis, Iron Mountain and Southern Railway Company

Notice is hereby given that a Plan of Readjustment of the Capital and Debt of the above named Companies, dated July 1, 1915, has been approved by the Boards of Directors of said Companies, by the three Committees named below representing respectively. Five Per Cent. First and Refunding Mortgage Bonds. Four Per Cent. Gold Loan Bonds and Stock of The Missouri Pacific Railway Company, and by the undersigned Readjustment Managers, and that a duly executed original of the Plan and Agreement of Readjustment has been lodged with each of the Depositaries named below. Holders of any of the following securities may become parties to the Plan and Agreement of Readjustment by depositing their securities on or before August 16, 1915, with the proper Depositary or any Sub-Depositary.

For Capital Stock of The Missouri Pacific Railway Company. CENTRAL TRUST COMPANY OF NEW YORK, 54 Wall Street, New York City.

For The Missouri Pacific Railway Company's Forty Year Four Per Cent, Gold Loan Bonds, due March 1, 1945.

BANKERS TRUST COMPANY, 16 Wall Street, New York City.

For The Missouri Pacific Railway Company's
Five Per Cent. First and Refunding Mortgage
Fifty-Year Gold Bonds, due September 1.

Consolidated First Mortgage Six Per Cent. Bonds, due November 1, 1920,

Trust Five Per Cent. Bonds, due January 1, First Collateral Mortgage Five Per Cent. Bonds, due August 1, 1920, and

Lexington Division Five Per Cent. First Mortgage Bonds due August 1, 1920.

St. Louis, Iron Mountain and Southern Railway Company's First and Refunding Mortgage Six Per Cent. Forty-Year Gold Bonds, due July 1, 1952

The Kansas and Colorado Pacific Railway Com-pany's First Refunding Mortgage Thirty-Year Six Per Cent. Gold Bonds, due Feb-ruary 1, 1938.

· St. Louis:

Dated, New York, July 6, 1915.

140 Broadway, New York City.

16 Wall Street, New York City.

LEWIS B. FRANKLIN, Secretary

C. E. SIGLER, Secretary.

The Central Branch Railway Company's First Mortgage Four Per Cent. Gold Bonds, due February 1, 1919.

The Central Branch Union Pacific Railway Company's First Mortgage Four Per Cent. Gold Bonds, due June 1, 1948.

The Leroy and Caney Valley Air Line Railroad Company's Five Per Cent. First Mortgage Bonds, due July 1, 1926.

The Kansas City Northwestern Railroad Com-pany's First Mortgage Five Per Cent. Gold Bonds, Series A. due January 1, 1933.

Boonville, St. Louis and Southern Railway Company's First Mortgage Forty-Year Five Per Cent. Gold Bonds, due August 1, 1951.

Little Rock Junction Railway's First Consoli-dated Mortgage Six Per Cent, Bonds, due April 1, 1916.

GUARANTY TRUST COMPANY OF NEW YORK, 140 Broadway, New York City.

### SUB-DEPOSITARIES FOR ALL SECURITIES MERCANTILE TRUST COMPANY. GUARANTY TRUST COMPANY OF NEW YORK.

Stock certificates must be duly endorsed in blank for transfer or be accompanied by blank transfers and must be stamped at the rate of two cents per share under the New York stock transfer tax law and also two cents per share under the Federal Emergency Revenue Act. Coupon bonds must be accompanied by all unpaid coupons. Bonds registered as to principal must be restored to bearer form before deposit and registered bonds must be exchanged for coupon bonds or registered in the name of the proper Depositary.

Readjustment Managers.

Deposits of securities will not be received after August 16, 1915, except upon terms approved by the Copies of the Plan and Agreement of Readjustment may be obtained from the Company at its offices in New York and St. Louis, or from any of the Depositaries or Sub-Depositaries or from the Secretary of any of the three Committees named below.

KUHN, LOEB & CO., Readjustment Managers.

The Plan of Readjustment mentioned in the foregoing notice has been approved by the Boards of Directors of The Missouri Pacific Railway Company and St. Louis, Iron Mountain and Southern Railway Company, who join in recommending the deposit of securities under the Plan and Agreement in compliance with the foregoing notice.

THE MISSOURI PACIFIC RAILWAY COMPANY, By B. F. Bush, President. ST. LOUIS, IRON MOUNTAIN AND SOUTHERN RAILWAY COMPANY.

By B. F. Bush, President.

The undersigned Committees have approved and adopted the Plan and Agreement of Readjust-ment mentioned in the foregoing notice and recommend to holders of the securities which they respec-tively represent the prompt deposit of their securities.

ALEXANDER J. HEMPHILL. Chairman ROBERT FLEMING (Lendon) DONALD G. GEDDES JEROME J. HANAUER ALVIN W. KRECH C. E. TERMEULEN (Ameterdam)

FRANK N. B. CLOSE, Chairman OTTO H. KAHN
JOHN H. McCLEMENT
JOHN W PLATTEN G. SIEGERS (Amsterdem) W. H. WILLIAMS

JAMES N. WALLACE, Chairman HORACE HARDING FREDERICK STRAUSS 54 Wall Street, New York City. ROBERT WINSOR

Committee representing Forty Year Four Per Cent. Gold Loan Bends.

Committee representing Five Per Cent. First and Re-funding Mortgage Bonds.

Committee representing Missouri Pacific Railway Company Stock

# MISSOURI PACIFIC READJUSTMENT

## INTRODUCTORY STATEMENT

In their letter dated January 20, 1915, to the stockholders of The Missouri Pacific Railway Company, the Proxy Committee, consisting of Mesars. Alexander J. Hemphill, Otto H. Kahn, Seward Prosser, James N. Wallace and Robert Winson, by whose votes the present Board of Directors were elected, recommended a program which contemplated the extension for one year of the \$24,845,000 of Six Per Cent. Notes maturing June I, 1915, and thereafter the submission to the security hoders of a plan for the readjustment of the financial structure of the Company, to be carried out by voluntary action, if practicable.

Pursuant to this pregram, the Board of Directors invited the holders of the above mentioned Notes to extend them for one year. This offer has met with a highly gratifying response. Notwithstanding the inaccessibility of a considerable amount of the Notes held in Europe, more than \$23,400,000 face value thereof (94% of the total outstanding issue) have joined in the extension. Accordingly, unless there should be unexpected litigation by holders of unextended Notes, the first and most pressing step in the program may be considered as having been accomplished.

The Directors therefore now address themselves to the second problem, which urgently and imperatively calls for solution, namely, the readinastment of the financial structure of the Company, and to that end they have invited the co-operation of Messra Kuhn, Leeb & Co. and of the Committees representing bonds and stock.

The Missouri Pacific System, including the lines of the St. Louis, Iron Mountain and Southern Railway Company.\*

comprises 7,009 miles of railroad (excluding about 274 miles leased or operated under trackage contracts) admirably located geographically and strategically in a territory which is one of the richest and most fertile in the United States. The property is in good physical condition and its management under President Bush is efficient and popular. II

is in good physical condition and its management under President Bush is efficient and popular.

The capitalization of the System, based on securities ocutstanding in the hands of the public, is at the comparatively low rate of \$52,070 per mile, but of that capitalization \$40,245 (about 77%) per mile is in fixed interest bearing obligations and only \$11,825 (about 21%) in stock.

For the year ended June 30, 1815, notwithstanding the policy of retrenchment which was nursued, the earnings of the System Clast two months partly estimated) fell short of its total charges by approximately a million and a quarter dollars.

During the next five and a half years provision must be made for the followin- obligations maturing within that period:

Missouri Pacific Company Extended Three Year Six Per Cent. Secured Gold Notes due on or before June 1, 1916, \$14,845,000 Little Rock Junction Railway First Consolidated 6s, due April 1, 1916 (Iron Mountain).

Missouri Pacific Company Collateral Trust 5s, due lanuary 1, 1917

Missouri Pacific Company Collateral Mortgage 5s, due August 1, 1920

Missouri Pacific Company Collateral Mortgage 5s, due August 1, 1920

Missouri Pacific Company Consolidated First 6s, due August 1, 1920

Missouri Pacific Company Extended Three Near Six due August 1, 1920

Missouri Pacific Company Consolidated First 6s, due November 1, 1920

Missouri Pacific Company and Company and Six due November 1, 1920

Missouri Pacific Company and Sonsolidated First 6s, due November 1, 1920

Total Company Sendorsement on notes of The Texas and Pacific Railway Company, dated June 1, 1914

Total Company Sendorsement on notes of The Texas and Pacific Railway Company, dated June 1, 1914

Total Company Sendorsement on notes of The Texas and Pacific Railway Company, dated June 1, 1914

Total Company Sendorsement on notes of The Texas and Pacific Railway Company, dated June 1, 1914 Total....

In its present position the Missouri Pacific System has no means of raising the money needed to meet these obligations, while existing mortgage provisions forbid the extension of maturing bonds. Its free collateral is practically exhausted Its credit is so impaired that the market price of its Four Per Cent. Gold Loan Bonds and of its Five Per Cent. Refunding Bonds has fallen to about 40%, and even its bonds secured by underlying liens and maturing in 1917 are selling on an interest basis of about 11%. Under these circumstances it would be impossible to raise capital by the sale of bonds, apart from the lact that it would be pursuing a fundamentally insound financial policy to further accentuate the existing disproportion between capital stock and funded debt.

Prominent among the causes to which the present plight of the Company is due, are unremunerative freight and passenger rates, both local and interstate, from which the Company has thus far been unable to obtain material relief; heavy increases in taxation and wages, and many burdensome requirements imposed by public authorities; and large investments in the securities of other railroad companies which, although they may have been justified at the time they were made, have since the productive. The amount invested in such securities aggregates about \$40,000,000 and entails heavy interest charges with no counterbalancing income from dividends or interest.

Under these circumstances a readjustment is essential in the interest of the security holders of all classes. The Boards of Directors, in co-operation with Messes, Kuhn, Loeb & Co. and the several Committees respectively representing Four Per Cent. Gold Loan Bonds, Five Per Cent. Refunding Bonds and Stock, have adopted the Plan of Readjustment now submitted. It is urgently hoped and advised that the Plan be promptly carried out by the voluntary action of the security holders concerned. Failing this, the foreclosure of mortgages and a compulsory reorganization, involving, as it necessarily must, serious expense, delays and complications, cannot possibly be avoided. IV

\*Including also 43.69 miles of line owned by Boonville, St. Louis and Southern Radway Company, substantially all of the stock of which Company is owned by the Missouri Pacific Company

The main burden of the readjustment in its immediate effect must necessarily be borne by the stock and by the two junior issues of bonds, viz., the Four Per Cent. Gold Loan Bonds and the Five Per Cent. Refunding Bonds, but it is hoped that the returns from the contemplated development of the property will be such as to more than compensate for the modification in their status to which their holders are now asked to consent. It has been deemed fair and logical to treat the two issues of bonds alike in the allotment of new securities.

While the Five Per Cent. Refunding Bonds have a mortgage lien, the Company is not earning its faced charges and in order to provide the means absolutely required to meet maturing underlying obligations (chiefly secured by prior liens upon the Missouri Pacific lines proper) and other capital requirements and to re-establish the Company's credit, there is no alternative but the surrender of this mortgage. As to the Four Per Cent. Gold Loan Bonds, their claim on the Missouri Pacific lines to take possession of their collateral, the St. Louis, Iron Mountain and Southern Railway Company stock, they would lose the to take possession of their collateral, the St. Louis, Iron Mountain and Southern Railway Company stock, they would lose the many operating economies and valuable traffic arrangements enjoyed as a visual of the close interdependence of the two main properties, which manifestly could not be operated separately so algrantageously for either property as when united. They would be confronted with the task of raising the necessary funds for the requirements of the Iron Mountain Company, which is already subject to a very heavy mortgage debt,—more than twice as much per mile as the mortgage debt ahead of the Missouri Pacific Stock nor of the proposed assessment on the Missouri Pacific stock, nor of the proposed resterment of the \$194,423,600 of Iron Mountain Southern of \$1,741,000 Texas and Pacific notes and for paying the Iron Mountain forming the transmit of the subject of the prop

While it is deemed absolutely indispensable to convert these two bond issues into preferred stock (or income bonds if conversion into preferred stock should be found impracticable), it should be particularly observed that the proposed readjustment (except only for a portion of the money raised) places no lien ahead of them which does not rank prior to one or the other of them mone; in fact, upon the complete consummantion of the Plan, the charges ranking ahead of the new sectivities to be given to holders of Four Per Cent; Gold Loan Bonds and Pive Per Cent. Refunding Bonds (taking the System as a whole) will be less than the charges ahead of them now.

The terms of exchange offered to various bonds maturing within the next few years and to bonds secured by sectional liens, are the result of eareful study. Although the security for certain issues of these bonds consists of lines which are of strategic importance to the System, yet several of these lines fail to earn fixed charges and would be still less remunerative if they had to depend upon their own earning power as independent lines, with the increased expense and other disadvantages of separate administration. Moreover, if the present Plan to raise the funds required for the System as a whole should fail, the separate enforcement of the sectional mortgages would necessarily impose upon the holders of the bonds secured thereby the burden of providing the moneys required for these disjuncted lines, a burden likely to be increased by the delays and complications indicate to forcelosure proceedings and by the physical deterioration to which the properties would in the meantime be exposed. The stockholders cannot be expected to provide the large amount of new money required for greener purposes unless provision is made in the Plan to take care of the obligations maturing in the near future, so as to afford reason, able assurance that the Company will be tree from serious financial problems and thus protected against the risk of having to meet large cash requirements at an unfavorable time. It is believed that the Plan of Readyustment takes full and fair account of the respective equities of the various bond issues, and that by consenting to the exchanges proposed the holders of such bonds will fare materially better than they possibly could by the enforcement of their respective liens.

The principal advantages which will result from the proposed readjustment, and which should more than compensate the security holders for the changes in position which the Plan involves, are the following:

(a) Provision of new money, the payment or refunding of the obligations maturing during the next few years, and the consolidation into large issues of various minor bond issues. These minor bond issues have at present but a limited market, which affects their saleability and, as a consequence, tends to injure the credit of the Company, whereas the new issues should command a ready and active market.

(b) Fixed charges so reduced as to come well within the earnings of the System even under the adverse conditions prevailing during the past two years.

Reduction in the amount of fixed interest bearing securities by over \$60,000,000.

(c) Reduction in the amount of fixed interest bearing securities by over \$60,000,000.

(d) The new First and Refunding Mortgage, constituting as it will, a lieu upon the entire Missouri Pacific Iron Mountain System, subject to prior lieus aggregating only about \$18,126 or mile upon the completion of the readjustment, affords a security which, it is believed, will not only meet the requirements of the present Plan but can be advantageously marketed, as occasion may require, to provide for obligations of later maturaties and for the comparatively moderate expenditures which will be required from year to year for improvements, betterments and additions. On the basis of the earnings for the fiscal year ended June 30, 1215, the net income after meeting prior lien charges is nearly three times the interest on the new First and Refunding Mortgage 5% Bonds, and the balance then available is nearly two and one-half times the interest on the new General Mortgage 4% Bonds.

(e) The re-establishment of the Company's credit and the anticipated strengthening of the Company's position.

VIII

There is every reason to hope that with the prompt co-operation of the security holders the readjustment can be accomplished in a comparatively short time. The property is in good physical condition. The present management has gone far in regaining for the Company the goodwill of the public in its territory. The System is not burdened with unprofitable leases and no large sum is required in the near future for rehabilitation or the acquisition of additional property.

With its financial structure suitably readjusted and its credit re-established and with the progress towards the restoration of reasonable rates, which may now fairly be expected, the Missouri Pacific System should be in a position to meet the demands of the rapidly growing territory which it serves and, in normal times, carn a fair return upon the securities provided for in the Plan of Readjustment.

The graftique recognition which is becoming more and more senses that the interests of the cultivation of the call.

The gratifying recognition, which is becoming more and more general, that the interests of the public and of the railt-roads are identical and that both are benefited by reciprocally fair treatment, justifies the hope that in the task of reorganizing and re-vitalizing the Missouri Pacific System the Board of Directors and the Readingment Managers may count upon the support of the communities it serves and upon the co-operation of the public authorities at Washington and in the various States in which its lines are located.

Holders of the various securities dealt with in the Plan are earnestly urged to deposit their holdings subject to the Plan and Agreement with the respective depositaries and sub-depositaries.

### SUMMARY OF PLAN OF READJUSTMENT

To be applied to the following and such other and further uses as may be determined by the Readjustment Managers or by the New Company: To pay Missouri Pacific Company Extended Gold Notes.

To pay Missouri Pacific Company Extended Gold Notes.

To provide for equipment trust obligations of the Missouri Pacific and Iron Mountain Companies maturing up to June 30, 1918.

To provide for adjustments and payments of interest in respect of bonds and other obligations deposited under Plan, additional working capital for New Company, payment of Joans and reduction of other current liabilities, new equipment and immediate improvements, readjustment expenses, outproastions, services of engineering, accounting and other experts, taxes and fees on authority of the property of the page 1918. 12,713,792

Total cash requirements ..... Provision for Cash Requirements:

The foregoing cash requirements are to be met, as hereinafter provided, by payments of \$50 per share by the stockholders of the Missouri Pacific Company (the amount of which outstanding in the hands of the public is \$82,839,585) New Securities.

The obligations to remain undisturbed aggregate in principal amount

The following, new accurities will be issued by the New Company to effect the readjustment:

(1) New First and Refunding Mortgage 54 Bonds.

(2) New General Mortgage 44 Bonds.

(3) New General Mortgage 44 Bonds.

(4) New Convertible 54 Preferred Stock (Cumulative after June 30, 1918) Convertible into Common Stock at par \$76.751.635

(4) New Common Stock

Schedule of Participation in Distribution of New Securities by Holders of Existing Securities Participating in the Plan.

New First and Refunding Mortingage 5% Bonds New General Mortingage 5% Bonds New General Mortingage 5% Bonds Stock or 5% Income Bonds Existing Securities! Amount Cent. Amount Cent. Amount Description \$16,394,400 9,676,000

4,383,750 393,000 1,741,000 50 41,419,792 \$44,599,292

The Missouri Pacific Company's Extended Six Per Cent. Notes maturing June 1, 1916, and any unextended notes of said issue, together aggregating \$24,845,000, are to be naid in cash, and provision is also to be made for the payment of the \$3.851,000 of equipment obligations of the Missouri Pacific and Iron Mountain Companies maturing before June 30, 1918.

Note: The holders of stock in the Missouri Pacific Company are equipment of the New Company, as well as the \$41,419,792 (50%) for earl Mortgage Bonds above mentioned of the New Company, upon surrender of their existing stock and payment in cash of \$30 per share of existing stock.

IV Comparative Capitalization, Fixed Charges and Available Income Before and After Readjustment. (Missouri Pacific and Iron Mountain Statements Consolidated)

The capitalization of the System will not be increased under the Plan except for (a) new money in excess of the amount to be used in paying existing obligations as above mentioned, (b) premiums aggregating \$1.699,150 on the refunding, into new \$75 bonds, of the Cours direct First Mortage 6% Blonds of the Missouri Pacine Company and the First and Refunding Morgage 6% Bonds of the Signature First and Refunding by the Iron Mountain Company, and (c) the acquisition of the \$1,741,000 Texas and Pacine notes endorsed by the Iron Mountain Company.

Reduction in Fixed Interest Bearing Obligations

The readjustment, while securing the cash necessary for present requirements and those of the near future, accomplishes a refunction to fixed interest bearing obligations of Upon the completion of the readjustment the annual fixed interest charges on funded debt as of June 30, 1915, Income Available for Various Classes of Securities Based on the fiscal year ended June 30, 1915 (two months examined the income available for fixed charges (after payment of restals, bire of equipment, interest on equipment obligations, etc., and after making certain adjustments resulting from the new capitalization), would be about.

Deduct interest on obligations undisturbed by readjustment. Balance applicable to interest on new First and Refunding Mortgage 5% Bonds interest on \$46,923,150 of such Bonds to be issued under Plan Balance available for interest on new General Mortgage 4% Bonds.

Deduct interest on \$44,399,292 of such Bonds to he issued under Plan

These statements take no account of increased earnings seasonably to be expected from the expenditure of the new money for equipment, improvements and other corporate purposes. Existing securities not mentioned in this schedule remain undisturbed.

The corresponding amount based on the fiscal year ended June 30, 1914, would be \$12,991,228. The decrease for the year ended June 30, 1915, is due chiefly to a new and additional charge of \$1,000,000 for depreciation of equipment for the year. While the gross operating revenues of the Iron Mountain lines for 1915 fell off \$3,104,000, this was partially offset by an increase of \$1,456,000 in the gross operating revenues of the Missouri Pacific lines proper.

Balance (over 3% on \$76,751,635 of Preferred Stock to be issued under Plan).....

The statements contained in the foregoing Introductory Statement and Summary of Plan of Readjustment have been compiled from sources believed to be reliable. Certain of them are necessarily approximate and none are to be considered as representations; and all such statements are made subject to the provisions of the Plan and Agreement of Readjustment.

In the eleven months ended with Friday, July 5. 2538.01 May Missouri Pacific's gross fell off Thursday, July 1. 2711.72 Thursday, July 1. 2711.72 Moderatas, July 2. 2831.33 Moderatas, June 29. 2831.